

Assembly Bill No. 1369

Passed the Assembly August 24, 2006

Chief Clerk of the Assembly

Passed the Senate August 21, 2006

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2006, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add Section 20037.7 to the Government Code, relating to state employees, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1369, Nunez. State employees: memoranda of understanding.

(1) Under existing law, a provision of a memorandum of understanding reached between the state employer and a recognized employee organization representing state civil service employees that requires the expenditure of funds does not become effective unless approved by the Legislature in the annual Budget Act.

This bill would approve provisions that require the expenditure of funds of memoranda of understanding entered into between the state employer and State Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20, and 21, and would provide that these provisions will become effective even if these provisions are approved by the Legislature in legislation other than the annual Budget Act.

The bill would provide that provisions of the memoranda of understanding approved by this bill that require the expenditure of funds will not take effect unless funds for these provisions are specifically appropriated by the Legislature, and would authorize either party to reopen negotiations on all or part of the memoranda of understanding if the Legislature does not approve or fully fund any provision of the memoranda of understanding that requires the expenditure of funds.

(2) The Public Employees' Retirement Law provides a comprehensive set of rights and benefits based upon age, service credit, and final compensation. Existing law defines final compensation variously for different member classifications and bargaining units and, in this regard, defines final compensation for a state member for the purpose of calculating retirement benefits as the highest annual average compensation earnable by the member during a designated 12-month period.

This bill would provide that final compensation for a person who becomes a state member, as specified, on or after January 1, 2007, and who is represented by State Bargaining Unit 1, 3, 4, 11, 14, 15, 17, 20, or 21 means the highest annual average compensation earnable by the member during a designated 36-month period.

(3) The annual Budget Act appropriates specified amounts from the General Fund, unallocated special funds, and unallocated nongovernmental cost funds, for state employee compensation.

This bill would appropriate \$343,635,000 from those funds for state employee compensation, in augmentation of the Budget Act of 2006.

(4) This bill would declare that it is to take effect immediately as an urgency statute.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares that the purpose of this act is to approve agreements pursuant to Section 3517 of the Government Code, entered into by the state employer and State Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20, and 21 on June 17, 2006, that require the expenditure of funds.

SEC. 2. The provisions of the memoranda of understanding prepared pursuant to Section 3517.5 of the Government Code and entered into by the state employer and the following employee organizations, and that require the expenditure of funds, are hereby approved for the purposes of subdivision (b) of Section 3517.6 of the Government Code:

(a) State Bargaining Unit 1, Service Employees International Union, Local 1000.

(b) State Bargaining Unit 3, Service Employees International Union, Local 1000.

(c) State Bargaining Unit 4, Service Employees International Union, Local 1000.

(d) State Bargaining Unit 11, Service Employees International Union, Local 1000.

(e) State Bargaining Unit 14, Service Employees International Union, Local 1000.

(f) State Bargaining Unit 15, Service Employees International Union, Local 1000.

(g) State Bargaining Unit 17, Service Employees International Union, Local 1000.

(h) State Bargaining Unit 20, Service Employees International Union, Local 1000.

(i) State Bargaining Unit 21, Service Employees International Union, Local 1000.

SEC. 3. The provisions of the memoranda of understanding approved by Section 2 of this act that are scheduled to take effect on or after July 1, 2006, and that require the expenditure of funds, shall not take effect unless funds for these provisions are specifically appropriated by the Legislature. If the Legislature does not approve or fully fund any provision of the memoranda of understanding that requires the expenditure of funds, either party may reopen negotiations on all or part of the memoranda of understanding.

SEC. 4. Notwithstanding Section 3517.6 of the Government Code, the provisions of any memorandum of understanding included in Section 2 that require the expenditure of funds shall become effective even if the provisions of the memorandum of understanding are approved by the Legislature in legislation other than the annual Budget Act.

SEC. 5. Section 20037.7 is added to the Government Code, to read:

20037.7. (a) Notwithstanding Sections 20035 and 20037, final compensation for a person who becomes a state member of the system on or after January 1, 2007, and is represented by State Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20, or 21, means the highest average annual compensation earnable by the member during the consecutive 36-month period immediately preceding the effective date of his or her retirement, or the date of his or her last separation from state service if earlier, or during any other period of 36 consecutive months during his or her state membership that the member designates on the application for retirement.

(b) This section applies to service credit accrued while a member of State Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20, or 21.

(c) This section does not apply to:

(1) Former state employees previously employed before January 1, 2007, who return to state employment on or after January 1, 2007.

(2) State employees hired prior to January 1, 2007, who were subject to Section 20281.5 during the first 24 months of state employment.

(3) State employees hired prior to January 1, 2007, who become subject to representation by State Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20, or 21 on or after January 1, 2007.

(4) State employees on an approved leave of absence employed before January 1, 2007, who return to active employment on or after January 1, 2007.

SEC. 6. The sum of three hundred forty-three million six hundred thirty-five thousand dollars (\$343,635,000) is hereby appropriated for expenditure in the 2006–07 fiscal year in augmentation of, and for the purpose of state employee compensations as provided in, Items 9800-001-0001, 9800-001-0494, and 9800-001-0988 of Section 2.00 of the Budget Act of 2006 in accordance to the following schedule:

(a) One hundred thirty-seven million one hundred eighteen thousand dollars (\$137,118,000) from the General Fund in augmentation of Item 9800-001-0001.

(b) One hundred thirty-two million one hundred seventy-one thousand dollars (\$132,171,000) from unallocated special funds in augmentation of Item 9800-001-0494.

(c) Seventy-four million three hundred forty-six thousand dollars (\$74,346,000) from other unallocated nongovernmental cost funds in augmentation of Item 9800-001-0988.

SEC. 7. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order for the provisions of this act to be applicable as soon as possible in the 2005–06 fiscal years and thereby facilitate the orderly administration of state government at the earliest possible time, it is necessary that this act take effect immediately.

Approved _____, 2006

Governor